

NEW JERSEY MILITIA NEWSLETTER

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All persons are by nature free and independent, and have certain natural and unalienable rights, among which are those of enjoying and defending life and liberty, of acquiring, possessing, and protecting property, and of pursuing and obtaining safety and happiness.

-- Article 1, Section 1, New Jersey State Constitution

Ron Paul Warns of Shift toward Global Government

Texas Congressman and 2008 presidential candidate Ron Paul has warned that the euphoria surrounding the election of Barack Obama combined with the overwhelming fear of major international crises could facilitate a cataclysmic shift toward a new world order.

Appearing on the Alex Jones show Paul spoke of a feeling of dread surrounding the change of guard both in the White House and on Capitol Hill.

Calling the stage management of the election a "huge distraction" from real issues, the Congressman outlined how both candidates were pre-positioned by the elite interests with the knowledge that either would satisfactorily serve their agenda.

"I think McCain was obviously a back up candidate. They'd have been satisfied with McCain, but they have been positioning Obama for a long long time. This started even before he announced he was running. Anybody who would have gotten that much favorable coverage for so long, you know that the plans are laid for him to be taking care of the corporate elite," the Congressman said.

Paul also warned that Democrats gains within the House and the Senate make for a particularly worrying situation of absolute power, similar to that held by the Republican party eight years ago.

"Just as a Republican Congress wouldn't say boo to a Republican [President] you know that the Democratic Congress is NEVER going to stand up.

"I think the first year is going to be the most dangerous year," Paul stated. "Obama will use the financial crisis, which will get worse, and there

will be more military skirmishes around the world."

The Congressman also warned that many Republican representatives may go along with Obama just to follow popular opinion.

Commenting on the much touted "International crisis" that luminaries such as Colin Powell, Joe Biden and Zbigniew Brzezinski have all guaranteed will occur within weeks of Obama entering the White House, the Congressman stated that he believes it may be a catalyst for a shift toward world government:

"When the meeting starts on November 15th for the new monetary system, this could be the beginning of the end of what's left of our national sovereignty." Paul said, also warning that the global media are already hailing Obama as the world's leader.

The Congressman also warned that the president-elect will, thanks to the previous administration, have the necessary precedent to use "the Bush doctrine, which was that we have the right to preemptively strike anybody, and that's why we go into Pakistan and Syria, which are acts of war. So they have the tools to do it and the sentiment and most Americans are oblivious to what is happening."

Urging listeners not to lose faith in the campaign for liberty and the quest to restore the Republic, Ron Paul spoke of reason to look ahead: "We have to look for sources of optimism... ultimately though all that happens to us is a result of philosophy and beliefs and convictions and that is where I think we have made some inroads. We have drawn attention to the importance of monetary policy, the importance of the central bank, the importance of how government causes so much problems, it's just that we're in the minority."

"We have to continue to do what we are doing, you are in the business of passing on and spreading information, that, to me, is most crucial, getting more people engaged, more people understanding what the issues are, nothing else is more important than that. Then when you see an opportunity we have to turn this into political action," the Congressman concluded.

-- infowars.com, November 6, 2008

And the Winner Is...

"You have to pinch yourself - a Marxist radical who all his life has been mentored by, sat at the feet of, worshiped with, befriended, endorsed the philosophy of, funded and been in turn funded, politically promoted and supported by a nexus comprised of black power anti-white racists, Jew-haters, revolutionary Marxists, unrepentant former terrorists and Chicago mobsters, is on the verge of becoming President of the United States - And apparently it's considered impolite to say so." -- Melanie Philips, *The Spectator* (UK) October 14, 2008

Death of a Militiaman

HAMILTON - Yesterday afternoon, the patriot and conservative political activist Bill O'ferman, known for his hatred of the United Nations and his love of Old Glory - and firearms - made one last huge permanent statement about the use of firearms.

The man who fought against restrictions of the United Bow Hunters ... who fought against government's abuse of eminent domain ... who protested loudly when Gov. Jon Corzine signed the bill to end the death penalty in New Jersey ... ended his personal freedom forever.

Police said he committed suicide inside his Atlantic Avenue home with a self-inflicted gunshot wound.

There was no mention of a note left to explain why.

Bill Opferman has left behind a colorful history.

He was known at Town Hall for his criticisms of both parties and their spending.

He protested at the Statehouse after Jim McGreevy jumped out of the closet.

He attacked the mayor in 2004 after Glen Gilmore promised no tax increases in pre-election debates, then dumped a 9 percent property tax increase on the citizens. They had to wait until 2008 to run Gilmore out of office.

After 9-11-01, when The College of New Jersey demanded a group of students take down a flag they had hung from their residence hall windows, Vietnam veteran Opferman and World War II vet August Scotto picketed for hours along Route 31 in Ewing.

"Maybe the flag's not safe," Bill said, "but it's up there now. And that's all that matters."

Following is the text of a letter to the editor Opferman wrote in 2000:

Guns: Teeth of Liberty

I urge all of our citizens - but most of all, the politicians - to see the Mel Gibson movie "The Patriot." This movie will give you an idea of what was endured by the colonists seeking an out from England and King George's tyranny to bring about the United States of America.

The British attempted to seize colonists' firearms at Concord, Apr. 19, 1775. With no firearms, we would still be under British rule ... Today in the year 2000, just as in the year 1776, firearms are "the teeth of liberty."

No firearms, no freedom.

Bill Opferman

-- *The Trentonian*, Sept. 17, 2008

Ed.: Bill Opferman, a beloved member of the N.J. militia, served in Vietnam with the Air Force. An introvert who suffered terribly from CFIDS, he forced himself to become an activist, he loved our country so.

"I wish I had a gun, not a camera"

Sebastian D'Souza, a picture editor at the Mumbai Mirror, whose offices are just opposite the city's Chhatrapati Shivaji station, heard the gunfire erupt and ran towards the terminus. "I waited for the [Muslim] gunmen to walk by," he said. "They

were shooting from waist height and fired at anything that moved. I briefly had time to take a couple of frames using a telephoto lens. I think they saw me taking photographs but they didn't seem to care."

The gunmen were terrifyingly professional, making sure at least one of them was able to fire their rifle while the other reloaded. By the time he managed to capture the killer on camera, Mr D'Souza had already seen two gunmen calmly stroll across the station concourse shooting both civilians and policemen, many of whom, he said, were armed but did not fire back.

But what angered Mr D'Souza most were the masses of armed police hiding in the area who simply refused to shoot back. "There were armed policemen hiding all around the station but none of them did anything," he said. "At one point, I ran up to them and told them to use their weapons. I said, 'Shoot them, they're sitting ducks!' but they just didn't shoot back."

The militants returned inside the station and headed towards a rear exit towards Chowpatty Beach. Mr D'Souza added: "I told some policemen the gunmen had moved towards the rear of the station but they refused to follow them. What is the point if having policemen with guns if they refuse to use them? I only wish I had a gun rather than a camera."

-- *Belfast Telegraph*, Nov. 29, 2008

Teams of gunmen stormed luxury hotels, a popular restaurant, hospitals and a crowded train station in coordinated attacks across India's financial capital, killing people, taking Westerners hostage and leaving parts of the city under siege, police said. A group of suspected Muslim militants claimed responsibility. 171 persons were killed in the attacks.

--AP: Wednesday, Nov. 26, 2008

Gun Maker Uses FBI Killer to Market Rifles

By Russ Howard

As you may have heard, HS Precision Rifles, a South Dakota gun maker, has been marketing their wares using the endorsement of a hired killer.

As bizarre and demented as it sounds, HS Precision has a "testimonial" about their products on the back of their catalog from none other than Lon Horiuchi.

Most gun owners will remember Horiuchi, but for those who don't, a little background.

Lon Horiuchi is the former FBI sniper who shot and killed Vicky Weaver at the notorious "Ruby Ridge"

standoff. Vicky was holding her infant daughter at the moment that Horiuchi fired a rifle bullet through her head, killing her.

He was later prosecuted for the killing, but predictably, charges were dismissed.

Ruby Ridge was one of the darkest hours in our nation's history. Before Vicky was gunned down by Horiuchi, her 12 year old son Sam was killed by Federal Marshals. A family friend was also shot, as was Sammy's dad, Randy Weaver.

All of these killings were over an accusation that Randy Weaver had shortened the barrel of a shotgun.

Horiuchi also worked as a sniper when the US Government, under orders from President Clinton's Attorney General, Janet Reno, massacred the Branch Davidians in Waco Texas.

Janet Reno's second in command, Eric Holder has just been named as Obama's pick for Attorney General. [See "A 'Very Sensitive' Attorney General" in this issue.]

Let's face it, gun owners are under siege. We have never faced a President who is as openly hostile to gun rights as Obama. HS Precision is advancing an agenda that says it's ok for government agents to murder people because they are gun owners.

HS has so far refused to respond to questions about their outrageous use of a killer to endorse their products. Now they need to hear from you. HS can be reached here:

H-S PRECISION, INC.
1301 TURBINE DRIVE,
RAPID CITY, SD 57703
(605) 341-3006 TEL
(605) 342-8964 FAX
Email: info@hsprecision.com

HS is a major supplier of stocks to Remington Arms. They also need to hear from you.

Remington Arms Company, Inc.
870 Remington Drive
P.O. Box 700
Madison, NC 27025-0700
TEL: 1-800-243-9700
Fax: 1-336-548-7801
www.remingtonmilitary.com/contact

Obama's Militia -- Waffen SS?

"We cannot continue to rely only on our military in order to achieve the national security objectives that we've set. We've got to have a civilian national security force that's just as powerful, just as strong, just as well-funded."

-- Barack Obama, in a speech to cheering crowds in Tiergarten park, Berlin, Germany, Summer 2008

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Das Sturm Abteilung Redux im USA?

"I've been having some real problems with that particular statement [of Obama's, in Berlin]. The idea of a 'Domestic Security Force' has rather a grim sound to it. Equal size and funding means what, exactly? Humvees? Milans? M1A1's? Helicopter gunships? And the training it would require to operate same? Educational requirements for membership? Rank structure? Pay scale? Oh, and who would finance this 'force' for domestic security. Officered by whom? Taking orders from who? Mission to do what, precisely? Somehow I can't imagine them chasing rabbits around the Nevada desert. Who do you think will emerge as the new [homosexual Nazi brown shirt commander] 'Ernst Roehm' of this organization and what precisely will be that organizations charter? Do you suppose this will result in a 'Domestic Enemies List' or something of that nature. I have to say that if a Republican or even Ralph Nader suggested something of this nature that the 'Press' would be all over it and yet, thus far we hear ... nothing."

Fredrick Chiaventone
U.S. Army Colonel, Fort Leavenworth
Command School professor

The Sheriff Knows Best

An Ocheyedan man has filed a federal class-action lawsuit challenging the constitutionality of an Iowa law that requires individuals obtain a permit to carry a concealed weapon.

Paul Dorr, 52, said that Osceola County Sheriff Douglas Weber wrongly denied his and his 18-year-old son's requests for permits to carry concealed weapons.

Dorr filed the lawsuit in U.S. District Court against Weber and Osceola County because Weber turned down the permit applications of both Dorr and his son in 2007.

Dorr alleges that the sheriff denied his Second Amendment right to bear arms and 14th Amendment right to due process. "He just denied my permit to carry without foundation," said Dorr, a consultant for taxpayer and political groups. "That denial just brought to mind the lack of objective process that Iowa code allows for sheriffs."

At least 35 states now

mandate that concealed weapons permits be approved if applicants meet a set of criteria laid out in state law.

Dorr said he was granted a permit to carry from 2001 to 2007, but that changed when he went to renew his permit. His application, he said, came after he had questioned spending within the sheriff's department and the salary of the local county attorney.

Dorr said Weber, elected in 2005, denied his permit, saying that there were people in the county who were afraid of him.

-- Des Moines Register, Nov. 3, 2008

Opinion: Stupid, Weakling Gun Owners Elected Obama

Gun Owners did NOT vote en masse for their 2nd Amendment Rights.

These same weaklings will be the first to bemoan the coming firearm restrictions, and the first to heed those restrictions.

For the rest of you who are willing to stand tall in support of your 2nd Amendment Rights, NOW buy your military surplus firearms, 2000-3000 rounds of ammunition for it and the web gear necessary to be able to carry a double basic load of your firearms's ammo.

Buy a good red dot sight (Aimpoint is best) or Scout Scope (I like the Trijicon), mount it and start to practice with your new "Life Preserver" (www.jpfo.org). Practice with it until carrying it and aiming it is second nature; live with it for a while.

If the worst happens, and I predict that it will, you must be prepared to do your part, VERY prepared to do your part.

Contact your pols, inform them that you are upset, want change, and, if necessary, willing to fight for it, starting with them. Be very plain in your talk, and be willing to back up that speech with political action first, then, if necessary, armed action.

We, with Obama, have just placed a political bomb under our Precious Constitution.

We have elected a President who even refuses to produce evidence of a valid U.S. Birth Certificate, and, except for the War of Northern Aggression, we now face the most serious Constitutional Crisis in our national history.

Stop talking about your outraged patriotism, and start practicing with "Old Betsy". Hopefully, political action will work, but based on how few

gun owners voted for McCain, I doubt that it will.

Just in case, get ready to assume your proper, lawful Militia role.

God help us, because this Marxist Obama is set upon destroying this country.

Larry Farrell
Gun Owners of NJ
908-273-225

Ed.: Beware. Farrell's forthright views may set many a sly provocateur a-twitter.

The Socialism of Public Schooling

By Jacob G. Hornberger

While the nation is on the subject of socialism, let's talk about public schooling, the best example of a socialist institution one could ever find. It's not a coincidence that public schooling is one of Fidel Castro's favorite government programs.

Actually, "public schooling" is a misnomer. It would be more accurate to call it "government schooling" because it's a government operation from start to finish. That's different from, say, public movie theaters or public restaurants. Those are private businesses that are open to the public.

Public schooling operates in a top-down, command-and-control manner. It's a perfect model of socialistic central planning, a system in which government officials enjoy almost total control.

Whether the control comes from the federal government, the state department of education or the local government school board, the principle is the same: government is directing the educational decisions affecting multitudes of students. That's different from the private sector, where consumers, through their spending decisions, determine the direction of entrepreneurial and business activity.

Government school officials decide the textbooks and the curricula. Thus, they decide what is to be taught to the students. In socialist countries like Cuba, we usually call that indoctrination.

How are public schools financed? Through coercion. Everyone, even people who do not have children, is taxed to fund this government enterprise. It's called taking money from everyone to subsidize those who have children. Or as Karl Marx would have described this process of spreading the wealth, "From each according to his ability, to each according to his needs."

How do government schools

In the beginning of change the patriot is a scarce man, brave, hated and scorned. When his cause succeeds, however, the timid join him, for then it costs nothing to be a patriot. – Mark Twain

get their customers? Through force. That's where compulsory-attendance laws come into play. If a parent fails to send his or her child into the public school system or to some alternative form of government-approved education (e.g., charter schools, government-licensed private schools, or homeschooling), the parent is subjected to extreme sanctions, including imprisonment.

What's the alternative to government schooling? No, not charter schools or a voucher system or even a system of government-licensed private schools or government-supervised homeschooling. Those still leave government in charge and rely on coercion.

Instead, the genuine alternative is an educational system that is entirely free of governmental involvement, a total separation of school and state. A free-market educational system would operate the same way that restaurants and movie theaters operate. Parents, not the government, would decide the appropriate educational vehicles for their children.

Advocates of government schooling claim that parents are not competent to make educational decisions for their children. That raises an obvious question: Why not? Aren't most parents products of public schooling? If public schooling has produced a nation of adults who lack the competence to guide their children's education, why do we want to continue a system that is likely to produce the same result?

-- www.fff.org/comment, Nov. 5, 2008

* * *

And the beat goes on...

The New Jersey Appellate Division ruled today that public school students who leave their cars in school parking lots expose their cars to warrantless searches. This case extends prior case law that allows school officials to search purses and lockers based on reasonable suspicion.

"[T]he privacy interests of students are outweighed by the substantial interest of teachers and administrators in maintaining a drug-free environment in the classroom and on school grounds." - Appellate Judge Linda G. Baxter

www.judiciary.state.nj.us/opinions/a089-1-07.pdf, November 10, 2008

Surviving an economic breakdown

By FerFAL

Sharing ideas with like minded people (you guys) helps me to see

things coming and prepare for them. So I started thinking about what I learned after all these years of living in a collapsed country (Argentina) that is trying to get out of an economic disaster and everything that comes along with it.

Water comes before firearms, medicines and even food. Save as much water as you can. Use plastic bottles, refill soda bottles and place them in a cool place, preferably inside a black garbage bag to protect it from sun light. The water will pick up some plastic taste after a few months, but water that tastes a little like plastic is better than no water at all. Whatever SHTF scenario you are dealing with, the water supply will suffer.

Get two or three LED headlamps. They are inexpensive and are worth their weight in gold. A powerful flashlight is necessary, something like a big Maglite or better yet a SureFire, especially when you have to check your property for intruders. But for more mundane stuff like working around the house, the LED headlamp is priceless. Try washing the dishes on the dark while holding a 60 lumen flashlight in one hand and you'll know what I mean. LEDs also have the advantage of lasting for almost a week of continuous use, and the light bulb lasts forever. Rechargeable batteries are a must but they lose power after a period of time, so keep regular batteries as well.

Don't forget to get a battery charger that has both solar panel and a small crank. They are not available here. I saw that they are relatively inexpensive in USA. Do yourself a favor and get one or two. Even if they don't charge as well as regular ones, I'm sure they will put out enough power to charge batteries for LED lamps at least.

Make sacrifices so as to ensure a better future, that's the mentality you should have if you want to be prepared. Stuff that is "nice to have" has to be sacrificed to get the indispensable stuff. Still, there's stuff that is not "basic need" but it's also important in one way or another. My wife goes to the hairdresser once every month or two. It's not life or death, but it does make her feel better and it boosts her morale.

Addictions such as alcohol, drugs or even cigarettes should be avoided by the survivalist. They are bad for your health; cost a lot of money that could be much better spent, and create an addiction to something that may not be available in the future. Who will have to tolerate your grouchy mood when your brand of smokes is no longer imported after TSHTF?

If you are preparing for a small economic crisis, gold coins make sense. It will hold value and you will be able to sell it for its actual cost to gold dealers or maybe other survivalists that know its true value. People can go to a bank down town and get paid for what a gold coin is truly worth, same goes for pure silver. But where I live, my local small time dealers will only pay you the value of junk gold, no matter what kind of gold you have. So, I'd have to say that if TSHTF bad, gold jewelry is a better trade item than gold coins.

What works for war does not work for the survivalist, especially the urban survivalist. When a new guy looks for advice on what to get for defense, some will recommend a rifle or shotgun as a first defensive weapon.

But let's say race riots start in this guy's city. He still has to go to work every day. What is he supposed to do? Shove his pump shotgun in his pocket? A handgun, even though less powerful, can be used for home defense AND go with you wherever you need to go. If the place floods, he can still hop into an evacuation boat without leaving his weapon behind. I'm sure no rescue team will pick you if you are carrying a long arm. What if your government, realizing that they lost control of events, bans all firearms indefinitely? Don't know about you, but if things are that bad, I'd like to be armed. You can hide a handgun under a jacket. You can't hide a long arm under your clothes.

Buy body armor PLEASE! Its dirt cheap in USA. Preferably, get the police concealable kind (class II) then get class IIIA military armor and some rifle plates, just as you do when you start buying guns. You'll end up with 2 or 3 sets of armor which are great to have for family members and spares. Just so you know, I got so desperate I ordered it from USA through internet (bulletproofme.com), I ended up paying nearly 600 USD for body armor that costs 200 USD in USA. Buy it while you still can. When the SHTF you'll end up wearing it, believe me. I don't wear mine all day long but I do wear it when I have to go some place dangerous, deal with people I don't trust, or when I must travel through a much dangerous road at 12 midnight.

-- www.frugalsquirrels.com

CIA Misleads about Shoot-downs

Washington - The senior Republican on the House Intelligence Committee has called for a criminal investigation into whether the CIA lied to Congress during its inquiry into the 2001

shoot-down of an American missionary plane by the Peruvian air force with help from a CIA spotter plane.

The CIA's General Counsel advised agency managers to avoid producing written reports about the incident "to avoid both criminal charges against Agency officers and civil liability," according to unclassified excerpts of a CIA inspector general report..

The report said the CIA withheld from the National Security Council, Justice Department and Congress the results of multiple investigations that documented continuous and significant violations of aircraft intercept procedures created to prevent the shoot-down of innocent aircraft.

Many aircraft were shot down by Peruvian fighter aircraft within two to three minutes of being spotted "without being properly identified, without being given the required warnings to land, and without being given time to respond to such warnings as were given to land," the report said.

In the case of the missionary shoot-down, the report said CIA officers misrepresented the incident as a one-time mistake in an otherwise well-run program.

"Violations of required procedures occurred in every shoot-down the CIA took part in" for the six years of the CIA's Airbridge Denial Program with Peru, said Hoekstra. The number of shoot-downs was not made public.

"This is as ugly as it gets: an agency operating outside of the law, covering it up and getting away with it as long as they did," said Hoekstra.

He called the latest report further evidence that parts of the intelligence community and the CIA believe they are not accountable to Congress or even their own managers.

The incident occurred in April 2001 in Peru's remote Amazon region near the Colombian and Brazilian borders as part of the CIA's counternarcotics program. A CIA-contracted surveillance plane was supposed to identify drug-smuggling aircraft, and Peruvian and Colombian fighters were supposed to intercept them and order them to land. If they didn't the fighters had authority to shoot them down. The incident killed a Michigan woman and her infant daughter. The pilot, the woman's husband and her son survived.

The intelligence committee will likely hold hearings on the matter next year.

-- Associated Press, Nov. 20, 2008

A "Very Sensitive" Attorney General

Earlier this year, Eric Holder--president-elect Obama's choice for Attorney General -- co-signed (along with former AG Janet Reno) an amicus brief in *District of Columbia v. Heller*. The brief was filed in support of DC's ban on all handguns, and ban on the use of any firearm for self-defense in the home. The brief argued that the Second Amendment is a "collective" right, not an individual one, and asserted that belief in the collective right had been the consistent policy of the U.S. Department of Justice since the FDR administration.

As Deputy Attorney General in the Clinton administration, Holder advocated federal licensing of handgun owners, a three day waiting period on handgun sales, rationing handgun sales to no more than one per month, banning possession of handguns and so-called "assault weapons" (cosmetically incorrect guns) by anyone under age of 21, a gun show restriction bill that would have given the federal government the power to shut down all gun shows, national gun registration, and mandatory prison sentences for trivial offenses (e.g., giving your son an heirloom handgun for Christmas, if he were two weeks shy of his 21st birthday). He also promoted the factoid that "Every day that goes by, about 12, 13 more children in this country die from gun violence"--a statistic is true only if one counts 18-year-old gangsters who shoot each other as "children." (Sources: Holder testimony before House Judiciary Committee, Subcommittee on Crime, May 27, 1999; Holder Weekly Briefing, May 20, 2000. One of the bills that Holder endorsed is detailed in my 1999 Issue Paper "Unfair and Unconstitutional.")

After 9/11, Holder penned a Washington Post op-ed, "Keeping Guns Away From Terrorists" arguing that a new law should give "the Bureau of Alcohol, Tobacco and Firearms a record of every firearm sale." He also stated that prospective gun buyers should be checked against the secret "watch lists" compiled by various government entities.

After the D.C. Circuit Court of Appeals ruled that the D.C. handgun ban and self-defense ban were unconstitutional, Holder complained that the decision "opens the door to more people having more access to guns and putting guns on the streets."

Holder played a key role in the gunpoint, night-time kidnapping of Elian Gonzalez [a boy who escaped

from Cuba with his mother (who perished) but who was sent back to Cuba against his will]. The pretext for the paramilitary invasion of the six-year-old's home was that someone in his family might have been licensed to carry a handgun under Florida law. Although a Pulitzer Prize-winning photo showed a federal agent dressed like a soldier and pointing a machine gun at the man who was holding the terrified child, Holder claimed that Gonzalez "was not taken at the point of a gun" and that the federal agents whom Holder had sent to capture Gonzalez had acted "very sensitively." If Mr. Holder believes that breaking down a door with a battering ram, pointing guns at children (not just Elian), and yelling "Get down, get down, we'll shoot" is example of acting "very sensitively," his judgment about the responsible use of firearms is not as acute as would be desirable for a cabinet officer who would be in charge of thousands and thousands of armed federal agents, many of them paramilitary agents with machine guns. — David Kopel, Nov. 20, 2008, posted on the Volokh Conspiracy, <http://volokh.com/posts>

The only hesitancy about Holder's selection as AG was his role in signing off on President Clinton's controversial pardon of fugitive financier Marc Rich. Holder was criticized for not raising with the White House the strong objections that some Justice Department lawyers and federal prosecutors in New York had to pardoning somebody who had fled the country. But Obama aides and Holder both decided the issue was highly unlikely to prove an obstacle to his confirmation, especially given the Democrats' more sizable post-election majority in the Senate. — Newsweek, Nov. 18, 2008

How Banking Became Socialized

In September 2007 Citigroup's chief executive, Charles O. Prince III, learned that the bank owned about \$43 billion in mortgage-related assets. He asked Thomas G. Maheras, who oversaw trading at the bank, whether everything was O.K.

Mr. Maheras told his boss that no big losses were looming, but within several weeks Citigroup would announce billions of dollars in losses.

Today, Citigroup, once the nation's largest financial institution, has more than \$65 billion in losses. More than half of that stems from mortgage-related securities created by Mr. Maheras's team.

Citigroup's stock has plummeted to \$3.77. The company is worth just \$20.5 billion, down from \$244 billion. About 75,000 jobs are already gone or set to disappear from a work force that numbered about 375,000.

The bank's downfall was years in the making and involved many, particularly Mr. Prince and Robert E. Rubin, an influential director and senior adviser.

Citigroup insiders and analysts say that Mr. Prince and Mr. Rubin drafted a strategy that involved taking greater trading risks to expand its business and reap higher profits.

When he was Treasury secretary during the Clinton administration, Mr. Rubin helped loosen banking regulations that made the creation of Citigroup possible by allowing banks to expand far beyond their traditional role as lenders. Rubin helped beat back tighter oversight of exotic financial products.

And since joining Citigroup in 1999 as a trusted adviser to the bank's senior executives, Mr. Rubin, who is an economic adviser on the transition team of President-elect Barack Obama, has sat atop a bank that has been roiled by one financial miscue after another.

According to a former Citigroup executive, Mr. Prince started putting pressure on Mr. Maheras and others to increase earnings in the bank's trading operations, particularly in the creation of collateralized debt obligations, or C.D.O.'s - securities that packaged mortgages and other forms of debt into bundles for resale to investors.

Because C.D.O.'s included so many forms of bundled debt, gauging their risk was particularly tricky; some parts of the bundle could be sound, while others were vulnerable to default.

A former Citigroup executive said, "Chuck didn't know a C.D.O. from a grocery list, so he looked for someone for advice and support. That person was Rubin. He would say, 'You have to take more risk if you want to earn more.'"

Bonuses doubled and tripled for C.D.O. traders. Mr. Maheras became one of Citigroup's most highly compensated employees, earning as

much as \$30 million.

As the bank's C.D.O. machine accelerated, its risk controls fell further behind. At one point risk managers in the fixed-income division reported to both Mr. Maheras and risk control executive Mr. Bushnell - setting up a potential conflict because Mr. Maheras had influence over employees who were supposed to keep an eye on his traders.

C.D.O.'s were complex, and even experienced managers underestimated the risks they posed. Because of that, they put blind faith in the passing grades that major credit-rating agencies bestowed on the debt.

"I just think senior managers got addicted to the revenues and arrogant about the risks they were running," said one person who worked in the C.D.O. group.

To make matters worse, Citigroup's risk models never accounted for the possibility of a housing downturn, and that millions of homeowners could default on their mortgages. Such a downturn did come, of course, with disastrous consequences.

Mr. Maheras and Mr. Bushnell lost their jobs. And on Nov. 4, Mr. Prince told the board that he would resign. Although he received no severance, he walked away with Citigroup stock valued then at \$68 million - along with a cash bonus of about \$112.5 million for 2007.

Some analysts believe that the \$25 billion that the federal government invested in Citigroup might not be enough to stabilize it. -- New York Times, Nov. 23, 2008

* * *

"To lay, with one hand, the power of the government on the property of the citizen, and with the other to bestow it upon favored individuals to aid private enterprises and build up private fortunes, is none the less robbery because it is done under the form of law and is called taxation. This is not legislation. It is a decree under legislative forms." --

Citizen's Savings & Loan Assn v. Topeka, 20 Wall (87 US) 655, 664 (1874)

The Life/Death Clock

The Life/Death Clock attempts to bring perspective to the discussion of the social costs and benefits of gun ownership in America by listing the six leading causes of death compared to firearm homicides and the lives saved by firearms.

Cause of death:

1. Tobacco related illnesses (Center for Disease Control) 493,000
2. Doctors Mistakes (Denver based *Health Grades 2004* updated stats) 182,000
3. Alcohol Abuse (National Institute of Drug Abuse) 100,000
4. Vehicle Accidents (National Center for Injury Prevention and Control) 39,000
5. Suicide (American Association of Suicidology) 27,000
6. Drug Abuse (NIDA) 24,000
7. Firearm homicides (NCICP) 10,000

Lives Saved [or crimes averted] (Florida State University Gary Kleck criminologist updated stats) 557,000

Data for 2008 are as of Dec. 6, 2008, 5:56 pm; numbers rounded to the nearest thousand.

Data sources are in parentheses.

-- <http://calnra.com/lifeclock>

Fascism, American-style

Instead of military conscription, ... to dish washing, clothes washing, and window washing, to road-building and tunnel-making, to foundries and stoke-holes, and to the frames of skyscrapers, would our gilded youths be drafted off, according to their choice, to get the childishness knocked out of them, and to come back into society with healthier sympathies and soberer ideas. They would have paid their blood-tax, done their own part in the immemorial human warfare against nature; they would tread the earth more proudly, the women would value them more highly, they would be better fathers and teachers of the following generation.

-- William James, "The Moral Equivalent of War" (1906)

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